

Message Text

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15

ACTION EB-07

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R 011840Z OCT 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 1601

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MAFAGUA

AMEMBSSY PANAMA

AMEMBASSY QUITO

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ETRD, CS

SUBJECT: MEETING OF BANANA PRODUCING COUNTRIES

1. REPRESENTATIVES OF UPEB COUNTRIES HELD A TECHNICAL SEMINAR IN SAN JOSE WEEK ENDING SEPTEMBER 27 FOR THE PURPOSE OF COORDINATING POSITIONS LOOKING TOWARD ULTIMATE ESTABLISHMENT OF AN INTERNATIONAL BANANA AGREEMENT. INTERNATIONAL EXPERTS AND REPRESENTATIVES OF INTERNATIONAL ORGANIZATIONS ALSO PARTICIPATED INCLUDING: DR. JAOA OLIVERA-SANTOS, EXPERT AND MOVING FORCE BEHIND THE COFFEE AGREEMENT; AND REPRESENTATIVES OF THE ORGANIZATION OF AMERICAN STATES, UNCTAD, AND THE FAO.

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2. EMBOFF DISCUSSED THE RESULTS OF THE CONFERENCE

WITH FRANCISCO CORDERO WHO IS THE BANANA ADVISOR TO THE MINISTER OF ECONOMY, INDUSTRY AND COMMERCE AND WHO WAS ONE OF THE PRINCIPAL ORGANIZERS OF THE SEMINAR.

3. CORDERO SAID THAT THE CONFERENCE WAS VERY FRUITFUL AND THAT THE PARTICIPANTS, ALTHOUGH WITHOUT INSTRUCTIONS FROM THEIR GOVERNMENTS, WERE ABLE TO MAKE A GREAT DEAL OF PROGRESS IN COORDINATING THE POSITIONS OF THEIR RESPECTIVE COUNTRIES TOWARD THE IDEA OF AN INTERNATIONAL BANANA AGREEMENT. CORDERO SAID THAT THEY PRODUCED A WORKING DOCUMENT WHICH SUMMARIZES THE FACTORS THAT SHOULD BE CONSIDERED IN EACH COUNTRY WITH REGARD TO A BANANA AGREEMENT. HE FEELS THAT THE PARTICIPANTS ARE CLOSE TO CREATING A UNIFORM UPEB POSITION ON THE CONCEPT.

4. THE NEXT STEP WILL BE A MINISTERIAL MEETING OF UPEB COUNTRIES IN TEGUCIGALPA. THIS MEETING WILL TAKE PLACE AS SOON AS A FOURTH COUNTRY -- EITHER COLOMBIA OR GUATEMALA -- HAS RATIFIED ITS MEMBERSHIP IN UPEB. THE PURPOSE OF THAT MEETING WILL BE TO COORDINATE A POSITION TO PRESENT TO ECUADOR, IN THE HOPE THAT A COMMON UPEB-ECUADORIAN POSITION CAN BE WORKED OUT BEFORE AN INTERNATIONAL MEETING ON BANANAS TAKES PLACE IN ROME, UNDER FAO AUSPICES, NEXT FEBRUARY OR MARCH.

5. CORDERO SAID THAT THE PARTICIPANTS AT THE TECHNICAL SEMINAR ALSO MADE A GREAT DEAL OF PROGRESS TOWARD CREATION OF A MULTINATIONAL CORPORATION WHICH WOULD HAVE AS ITS MAIN PURPOSE MARKETING OF BANANAS IN "NEW MARKETS" -- MAINLY THE SOCIALIST COUNTRIES.

6. MOST OF THE PUBLIC STATEMENTS MADE AT THE CONFERENCE WERE MODERATE IN TONE AND WERE DIRECTED TOWARD MODERATING FLUCTUATIONS IN PRICES AND AVOIDING EXCESSIVE PRODUCTION. COSTA RICAN ECONOMY MINISTER JORGE SANCHEZ, IN HIS ADDRESS TO THE SEMINAR, STATED THAT HE HAD READ WITH OPTIMISM THE RECENT DECLARATIONS OF SECRETARY OF STATE HENRY KISSINGER "WHICH REVEALED LIMITED OFFICIAL USE

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A MORE REALISTIC AND UNDERSTANDING ATTITUDE ON THE PART OF THE USG TOWARD OUR PROBLEM."

7. COMMENT. PRIVATE CONVERSATION WITH CORDERO MAKE IT CLEAR THAT THE COSTA RICANS ARE HOPING TO HAVE THE ACTIVE COOPERATION OF THE U.S. AND OTHER CONSUMING COUNTRIES IN WORKING OUT A VIABLE INTERNATIONAL AGREEMENT ON BANANAS. THEY FORESEE AN AGREEMENT THAT WOULD

IN A CERTAIN SENSE BE PATTERNED AFTER THE INTERNATIONAL
COFFEE AGREEMENT. REALIZING THAT ONE CANNOT HAVE
STOCKS OF BANANAS, THEY FORESEE THE NEED FOR A MECHAN-
ISM THAT WOULD INVOLVE PRODUCTION LIMITATIONS. THEY
WOULD HOPE THAT THE IMPORTING COUNTRIES WOULD BE
WILLING TO CREATE AND ENFORCE QUOTAS FOR IMPORTS
OF BANANAS FROM EACH SUPPLYING COUNTRY. CORDERO
REALIZES THAT EVEN IF ALL EXPORTING COUNTRIES COULD
BE ORGANIZED INTO A SUPPLIER GROUP, THE OBJECTIVES
OF THE GROUP COULD EASILY BE UNDERMINED THROUGH
EXPANSION OF PRODUCTION IN COUNTRIES THAT ARE NOT
NOW MAJOR EXPORTERS BUT WHERE CONDITIONS ARE FAVOR-
ABLE FOR LARGE INCREASES IN PRODUCTION. NO SOLUTION
TO THIS PROBLEM HAS YET BEEN IDENTIFIED.
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